

740 85 EXCHANGE CENTRAL WAREHOUSE (sq.m./SF)

NOTE: The establishment of an exchange central warehouse must be coordinated through Navy Resale and Services Support Office or CMC.

This type warehouse may be provided for bulk back-up storage (exchange stock and operating supplies) to support all exchange operations within a geographical area as determined by NAVRESSO or Marine Corps Exchange Services.

This central warehouse allowance does not void the need for the installation exchange warehouse, Code 740-86, preferably located contiguous to the exchange main retail store. Space allowances for central warehouses shall not exceed those computed under the following procedures:

1. The basic space allowance for a central warehouse building will accommodate receiving and marking activities, storage, offices, restrooms, etc. (excluding distribution and shipping departments, exterior docks, platforms, ramps, etc.). The basic space allowances will be determined by first computing the warehouse monthly inventory dollar average for the highest six months of the year (central warehouse only); next identifying the percentage of increase in the Department Store Inventory Price Index (Store Total) since 1967; then reducing the inventory dollar average by that percentage; and then dividing this adjusted dollar amount by the applicable "average dollars per square meter (foot)" factor selected from Column (3) of Table 740-85A. Selection of this factor (divider) from the Table will be based on the clear vertical space of the existing or planned warehouse building(s) involved (Column 1). If the developed basic space requirement is to be satisfied within one structure and this structure provides a clear vertical space of 4 meters (14 feet) or more, the basic space requirement will be reduced by applying the efficiency adjustment factor obtained from Table 740-85B.

Department Store Inventory Price Index can be obtained from any regional office of the U.S. Department of Labor, Bureau of Labor Statistics or Navy Resale System Office. The base year for the index of 1941 was 100. Since 1967 was the base date of these space criteria, Department Store Inventory Price Index has to be adjusted to show increase from that year to present. Index for 1967 was 216.0. **Adjustment is made by the following calculation:**

Example (for January 1979): Department Store Inventory
Price Index = 364.4

$$\frac{\text{Present Index}}{\text{1967 Index}} \times 100 = \frac{364.4}{216.0} \times 100 = 168.70 = \text{Adjusted Index.}$$

2. In addition to the basic space allowance, an allowance for the distribution and shipping departments may be authorized. This additional allowance will be computed by adding 9 sq.m. (100 square feet) for each location exchange to be served by the central warehouse.

3. In addition to the space allowances provided by 1 and 2, above, space may be provided for covered and/or raised loading platforms. Space allowances for these will not exceed 20% of the total space authorized by 1 and 2, above. An example of computation is given following Table 740-85B.

TABLE 740-85A
Central Warehouse Inventory Value - Dollars Per Gross Area

| Column: | 1 | | 2 | | 3 | |
|---------|----------------------|----|-------------------------|---------|--------------------------------|--------|
| | Clear Vertical Space | | Maximum Stacking Height | | Average Dollars Per Gross Area | |
| | meters | Ft | meters | Ft-inch | \$/sq.m. | \$/GSF |
| | 5.5 | 18 | 4.6 | 15 - 0 | 252.40 | 23.45 |
| | 5.2 | 17 | 4.3 | 14 - 0 | 237.88 | 22.10 |
| | 4.9 | 16 | 4.0 | 13 - 0 | 223.89 | 20.80 |
| | 4.6 | 15 | 3.7 | 12 - 0 | 216.35 | 20.10 |
| | 4.3 | 14 | 3.7 | 12 - 0 | 216.35 | 20.10 |
| | 4.0 | 13 | 3.5 | 11 - 6 | 209.36 | 19.45 |
| | 3.7 | 12 | 3.2 | 10 - 6 | 194.29 | 18.05 |
| | 3.4 | 11 | 2.9 | 9 - 6 | 178.68 | 16.60 |
| | 3.0 | 10 | 2.6 | 8 - 6 | 160.38 | 14.90 |
| | 2.7 | 9 | 2.3 | 7 - 6 | 141.55 | 13.15 |

TABLE 740-85B
Central Warehouse Efficiency Adjustment Factor

| Gross Area | | Reduce by | Gross Area | | Reduce by |
|----------------|------------------|-----------|----------------|-------------------|-----------|
| sq.m. | SF | | sq.m. | SF | |
| 1,860 to 2,790 | 20,000 to 30,000 | 1.0% | 6,501 to 7,430 | 70,001 to 80,000 | 3.5% |
| 2,791 to 3,720 | 30,001 to 40,000 | 1.5% | 7,431 to 8,360 | 80,001 to 90,000 | 4.0% |
| 3,721 to 4,650 | 40,001 to 50,000 | 2.0% | 8,361 to 9,290 | 90,001 to 100,000 | 4.5% |
| 4,651 to 5,570 | 50,001 to 60,000 | 2.5% | Over 9,290 | Over 100,000 | 5.0% |
| 5,571 to 6,500 | 60,001 to 70,000 | 3.0% | | | |

Example: Assume that the planned central warehouse will have an average monthly dollar inventory of \$1,800,000 (based on the highest 6 months of the year), the proposed warehouse will be in one building with a clear vertical space of 5 meters (15 feet) and that 27 exchange retail branches are to be served.

Step 1: Divide the average monthly dollar inventory of \$1,800,000 by the adjusted percent change in the current Department Store Inventory Price Index since 1967 (adjusted index, January 1979- 168.70).

$$\frac{\$1,800,000}{168.70} \times 100 = \$1,066,983$$

Step 2: Determine basic space allowance by dividing the average monthly dollar inventory by the average dollars per square meter (SF) factor for 5 meters (15 ft.) vertical clear space (from Table 740-85A, column 3).

$$\frac{1,066,983}{216.35 \text{ \$/sq.m.}} = 4,932 \text{ sq.m.}$$

$$\frac{1,066,983}{20.10 \text{ \$/SF}} = 53,084 \text{ SF}$$

Step 3: Reduce basic space allowance obtained in Step 1 by applying efficiency adjustment factor for 4,932 sq.m. (53,084 gross SF) warehouse (from Table 740-85B).

$$4,932 \text{ sq.m.} - (4,932 \times 0.025) = 4,932 \text{ sq.m.} - 123 \text{ sq.m.} = 4,809 \text{ sq.m.}$$
$$53,084 \text{ SF} - (53,084 \times 0.025) = 53,084 \text{ SF} - 1,327 \text{ SF} = 51,757 \text{ SF}$$

Step 4: Add allowance for distribution and shipping department (9 sq.m.(100 SF) for each branch retail exchange served).

$$4,809 \text{ sq.m.} + (9 \text{ sq.m.} \times 27) = 4,809 \text{ sq.m.} + 243 \text{ sq.m.} = 5,052$$
$$51,757 \text{ SF} + (100 \text{ SF} \times 27) = 51,757 \text{ SF} + 2,700 \text{ SF} = 54,457$$

This is the total space allowance for central warehousing building.

Step 5: Determine maximum additional space allowance for covered and/or raised loading platforms (20% of total building allowance).

$$(5052 \text{ sq.m.} \times 0.20) = 1,010 \text{ sq.m.}$$
$$(54,457 \text{ SF} \times 0.20) = 10,891 \text{ SF}$$

740 86 EXCHANGE INSTALLATION WAREHOUSE (sq.m./SF)

The total storage space that may be provided in installation exchange warehouses to accommodate back-up storage for exchange retail activities on an installation will not exceed, in CONUS, 33% and in Alaska, Hawaii and overseas, 50% of the space authorized for the main retail store on the installation. Wherever practicable, the installation exchange warehouses shall be located contiguous to the exchange main retail store in order to reduce the cost of moving stock from the warehouse to the main store sales area.